

Federal Funds in the Black Belt

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The words “Black Belt” have been used for over 100 years to describe the socioeconomically distressed, crescent-shaped region in the South from Maryland to Louisiana where Blacks make up a relatively high percentage of the local residents. A recent study by Ronald Wimberley and Libby Morris found that the Black Belt has high rates of poverty, unemployment, infant mortality, poor health, and low rates of educational achievement. John Cromartie’s *RCaT* article (1999, Vol. 9, No. 2) noted that the region’s problems stem from its long and difficult adjustment from the slave-based agrarian Southern economy to today’s diverse and highly competitive global economy. Despite improvements in civil rights and economic well-being, the region continues to struggle with problems of inadequate employment opportunities, transportation, education, and other characteristics common to most low-income populations. Many of those who have gained in education and income have left the Black Belt for better opportunities elsewhere. The remaining popula-

The Black Belt region in the South is characterized by high poverty and related economic problems. The region receives above-average Federal funds per capita, mostly due to relatively high funding in metro areas. In nonmetro areas of the Black Belt, Federal funds vary significantly by type of county and program, with some significant mismatches between the level of program need and assistance actually received. Some Federal policies might be considered to address these mismatches and help develop this depressed region.

tion has a high ratio of youths to working population, which strains the region’s limited ability to provide adequate child care, education, and employment opportunities.

Because today’s global economy puts a premium on a highly educated and adaptable labor force, such undereducated, undeveloped regions can be a significant drain on both the regional and the national economy. Federal and State governments spend a large amount of tax revenues on welfare, food stamps, and medical assistance for the poor. The private sector also must pay substantial amounts for training, health, and other needs of the local labor force. Many believe attacking the causes of poverty in depressed regions would be cheaper and more efficient than treating its symptoms.

Policymakers are increasingly emphasizing comprehensive economic development policies for depressed regions. For example, in 1998, Congress created the Denali Commission to focus on rural development in the largely underdeveloped region of Alaska. Congress also reauthorized two important regional economic development programs in 1998: the Economic

Development Administration and the Appalachian Regional Commission. Both programs use targeted assistance and regional planning entities for formulating and implementing economic development policy in distressed areas. Efforts to establish a regional development program for the Mississippi Delta portion of the Black Belt fell short of passage, but the U.S. Department of Agriculture (USDA) is supporting, through existing programs, a Delta Compact to facilitate meaningful development in the region. This follows USDA’s first round of rural Empowerment Zones and Enterprise Communities, many clustered in the Black Belt.

Is the Federal Government doing enough to address problems in the Black Belt? A recent study by Andrew Isserman found that counties in rural Appalachia, with the help of the Appalachian Regional Commission, had performed significantly better than similar counties elsewhere, while counties in the Lower Mississippi Delta (part of the Black Belt) lacked a comparable regional development authority and performed worse than similar counties elsewhere.

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This raises a key question. Is economic development being dampened in the Black Belt because of inadequate Federal funding in the region, either in total Federal funds or in funding for particular types of assistance critical for development? A better understanding of how Federal programs are currently distributed might help to answer this question.

In this article, we use fiscal year 1997 data from the Bureau of the Census to examine the Federal programs that benefit the Black Belt, comparing the Black Belt with the Nation as a whole. Programs examined include human and community resource programs, which are critical for investing in the long-term economy of the region. The focus of our analysis is on Black Belt nonmetro counties because of their generally worse socioeconomic conditions. Their local communities tend to have low tax bases and are less able to provide public services and infrastructure required in a competitive global economy.

We examined different types of nonmetro counties, using the ERS county typologies, to see if the quantity and type of assistance matches the local economic development needs of the type of county examined. In addition, we examined one of the main subregions within the Black Belt—the Mississippi Black Belt, which appears to have generally higher percentages of Blacks and higher levels of distress than other parts of the Black Belt—to assess whether there were significant differences between this more distressed western portion of the Black Belt and the larger Black Belt region. This information should also interest those wishing to establish a regional development commission for the Delta.

Higher Per Capita Funding in Metro Areas Raises Black Belt Above National Average

Federal funds per capita are 14 percent higher in the Black Belt (\$5,954) than in the United States as a whole (\$5,218). Most of this difference is due to the relatively high payments to metro Black Belt counties, which received 17 percent more funds per capita than urban counties nationwide in 1997 (fig. 1). Nonmetro Black Belt counties received only 1 percent more funds, per capita, than the national average for nonmetro counties. To better understand why the metro Black Belt received more funds than the nonmetro Black Belt, we examined Federal funding variations across functional categories.

Federal Funds Vary Significantly by Type of Program

Income security—which includes medical, retirement, disability, public assistance, and unemployment benefits (see “Data Sources and Definitions”)—is the predominant type of Federal assistance, accounting for most Federal funds nationwide (table 1). Given the Black Belt’s relatively high rates of poverty and unemployment, we expected and found that the region received relatively high levels of income security payments, \$3,467 per capita, about \$330 more than the Nation as a whole. Although the highest levels of income security funding per capita were in the nonmetro Black Belt, the metro Black Belt received almost as much from this function.

The nonmetro Black Belt received more than the metro Black Belt from agriculture and natural resources funding, but the amounts involved were relatively small, \$258 per capita for nonmetro and \$19 per capita for metro. In contrast,

the metro Black Belt received substantially more in both community resources and defense and space funds than did the nonmetro Black Belt. Both of these functions are important to local economies because they provide infrastructure and jobs. Defense and space funding was particularly important for the metro Black Belt, accounting for \$1,253 per capita, substantially more than that received in the nonmetro Black Belt or by metro areas nationwide.

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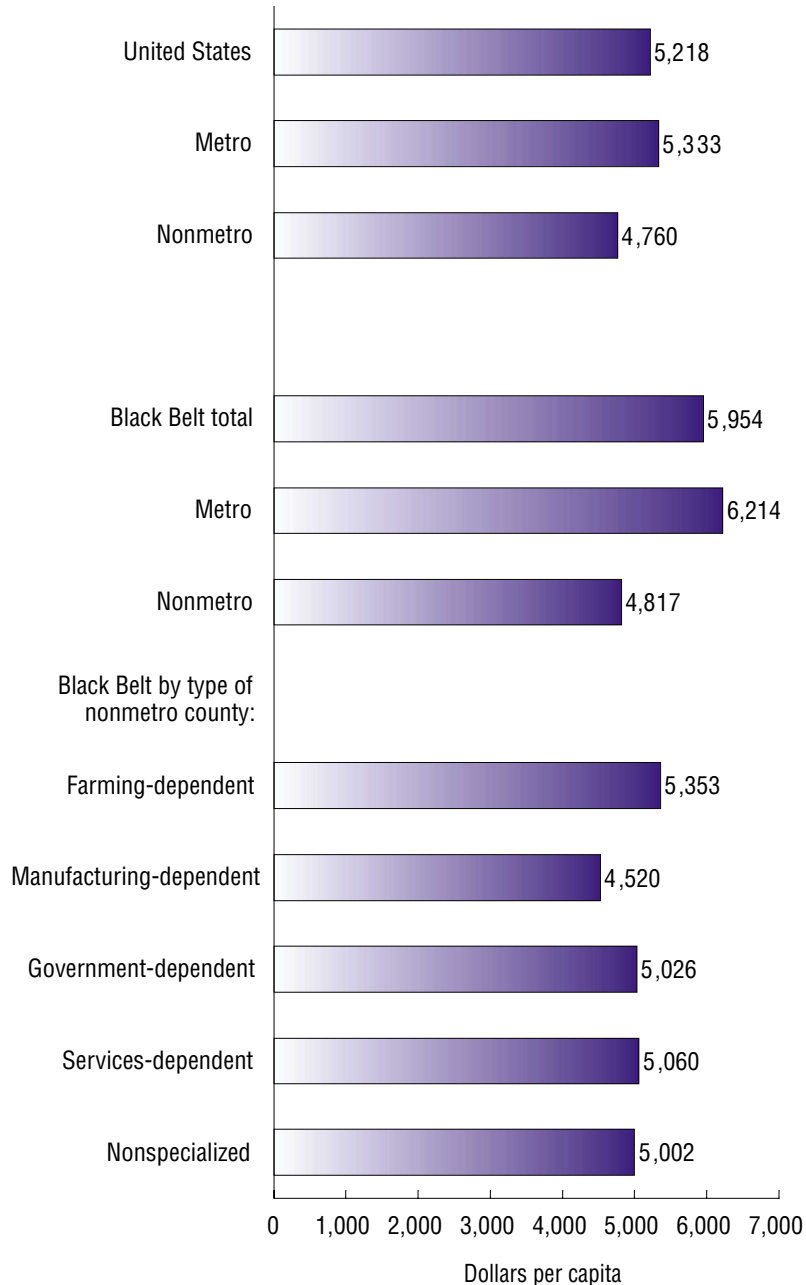
National functions—including criminal justice, law enforcement, energy, higher education, and research—also accounted for a large amount of funding in the Black Belt; however, the amounts are less than those received nationwide, perhaps indicating lesser congressional pull in placing Federal projects and installations in the region. The metro Black Belt received twice as much funding, per capita, as did the nonmetro Black Belt. But metro facilities may provide employment and income for commuters from surrounding nonmetro areas, so the metro-nonmetro gap in benefits received may be smaller than this. For the same reason, the metro-nonmetro gap in payments for defense and space and community resources may overstate the difference in benefits.

Nonmetro Black Belt counties surpassed all other counties in human resources funding, which covers education and training, child care and nutrition (but not food stamps) needed to help working

Figure 1

Per capita Federal funds by county type, fiscal year 1997

Funding in the Black Belt exceeded the national average in per capita dollars and varied greatly by type of nonmetro county



Source: Calculated by ERS using Federal funds data from the Bureau of the Census.

mothers, and health and social service programs. However, we did not have data for the local distribution of some of the largest human resource programs (such as the Job Training Partnership Act and the biggest child care and social services block grant programs), limiting the usefulness of these findings.

Farming and Poverty Counties Get More Funding Than Manufacturing and Commuting Counties

Among the region's nonmetro county types (see "County Typology" box for an explanation of county types), farming-dependent counties received the highest per capita Federal funding (\$5,353). Most of the funding advantage for the 34 farming-dependent counties comes from their relatively high Federal payments for income security (\$3,694) and agriculture and natural resources functions (\$810). Farming counties, like other nonmetro Black Belt counties, received relatively little funding for community resources (\$308), which is important for job creation to help diversify farming economies.

Manufacturing counties—the largest economic category of nonmetro Black Belt counties—received the smallest amount of Federal funds, per capita, in the Black Belt (\$4,520). This disadvantage occurred in all functions except for income security (\$3,521 per capita), and the income security payments were still smaller than the \$3,572 average for nonmetro Black Belt counties. Manufacturing counties received \$300 per capita for community resources, well below the metro average but equal to the nonmetro average in the Black Belt. The most significant disadvantage for these counties was in human resources, a type of assistance that is critical if these counties are to

Table 1

Per capita Federal funds by function, fiscal year 1997*The funding difference between metro and nonmetro Black Belt counties is large*

Item	All Federal funds	Agriculture and natural resources	Community resources	Defense and space	Human resources	Income security	National functions
<i>Dollars per person</i>							
United States	5,218	59	508	645	101	3,138	767
Metro	5,333	18	549	734	98	3,089	845
Nonmetro	4,760	217	349	294	113	3,329	458
Black Belt	5,954	118	546	910	149	3,467	764
Metro (43) ¹	6,214	19	668	1,253	138	3,424	712
Nonmetro (198)	4,817	258	300	189	173	3,572	325
Mississippi Delta Black Belt (49)	5,448	211	235	400	194	3,551	491
By county economic type:							
Farming-dependent (34)	5,353	810	308	132	206	3,694	203
Manufacturing-dependent (85)	4,520	107	300	183	146	3,521	263
Government-dependent (23)	5,026	118	377	499	171	3,237	626
Services-dependent (11)	5,060	208	295	459	181	3,606	311
Nonspecialized (53)	5,002	338	267	132	206	3,718	341
By county policy type:							
Commuting (63)	4,190	124	296	98	184	3,313	176
Persistent poverty (162)	4,912	290	304	193	181	3,638	306

Note: Individual figures may not sum to total because of rounding.

There were only two counties in the Black Belt classified as mining-dependent, only two as retirement-destination, and four as Federal lands, so these were excluded. Transfer-dependent counties were also excluded because of overlap with the persistent-poverty counties.

¹Number of counties within each county typology are shown in parentheses.

Source: Calculated by ERS using Federal funds data from the Bureau of the Census.

Federal Program Categories

In table 1, we used ERS's six broad function categories for Federal programs:

- Agriculture and natural resources (agricultural assistance, agricultural research and services, forest and land management, water and recreation resources).
- Community resources (business assistance, community facilities, community and regional development, environmental protection, housing, Native American programs, and transportation).
- Defense and space (aeronautics and space, defense contracts, defense payroll and administration).
- Human resources (elementary and secondary education, food and nutrition, health services, social services, training and employment).
- Income security (medical and hospital benefits, public assistance and unemployment compensation, retirement and disability—including Social Security).
- National functions (criminal justice and law enforcement, energy, higher education and research, all other programs excluding insurance).

modernize their manufacturing base and compete in the global economy.

ERS's policy typology reveals that nonmetro persistent-poverty counties received the highest level of Federal assistance (\$4,912) among policy types, benefiting mainly from high income security payments and agricultural assistance. However, these counties got significantly less overall funding than metro counties (\$6,214) and only slightly more than the Black Belt nonmetro average in community and human resources funding.

The policy type that received the least assistance (\$4,190) was nonmetro commuting counties. These counties are adjacent to metro counties, generally enjoy higher median family incomes than the nonmetro average, and have less need for income security programs.

Mississippi Black Belt Receives More Total Funding Than Rest of Black Belt, but Less in Community Resources

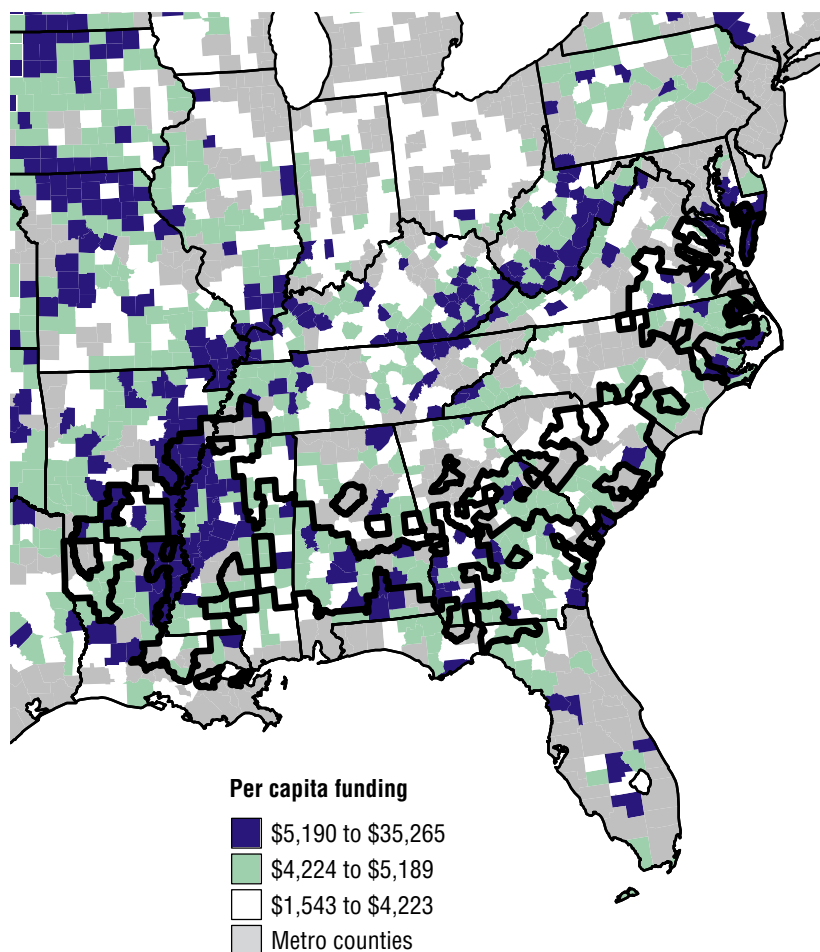
The geographic pattern of per capita Federal funding among southern nonmetro areas is shown in figure 2, with the Black Belt region outlined. The nonmetro counties that received high amounts of Federal funds tend to be located in the Mississippi Delta and the Southern Coastal Plains. The Mississippi Delta area and practically all of the Black Belt counties in the State of Mississippi are poverty counties (fig. 3). Most of these counties were shown in figure 2 to have relatively high per capita funding.

Although the nonmetro Mississippi portion of the Black Belt received substantially higher amounts of Federal funds than other nonmetro parts of the Black Belt, it still received less than metro areas in the Black Belt. The Mississippi

Figure 2

Per capita Federal funds, fiscal year 1997

Federal funds are mostly concentrated in the Mississippi Delta and Southern Coastal Plains



Note: Black Belt counties are outlined in black.

Source: Calculated by ERS using Federal funds data from the Bureau of Labor Statistics.

Black Belt received more than other nonmetro Black Belt areas because it had more funding from defense and space and from national functions. Relatively small amounts came from community resource programs that are important for economic diversification and creating economic opportunity.

Conclusions and Policy Implications

The Federal Government has a large stake in the Black Belt, where

per capita Federal funding exceeds the national average. However, much of the money goes to metro areas. While receiving as much in Federal funds as other nonmetro counties, nonmetro Black Belt counties received substantially less funding than their metro counterparts. In addition, the nonmetro Black Belt counties also got less than nonmetro areas nationwide from community resource assistance, which is used for job generation and other development functions.

Figure 3

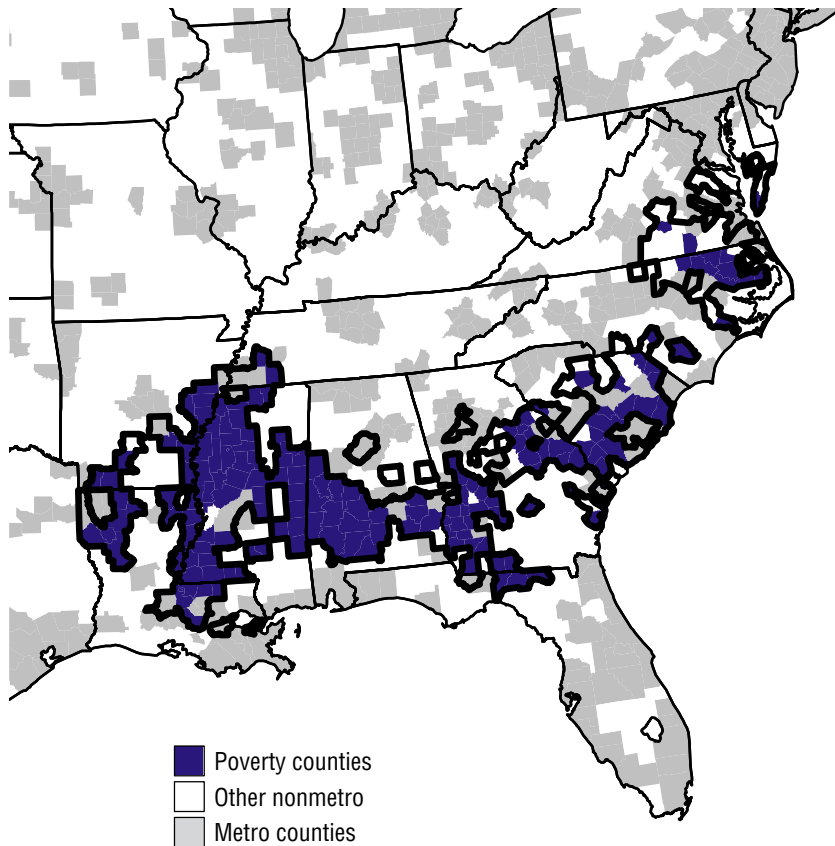
Black Belt poverty counties, fiscal year 1997

The Black Belt is dominated by poverty counties

In some parts of the Black Belt, Federal funding in key functions is falling short of what is probably needed. For example, Black Belt farming counties, which especially need economic diversification, got little more than the region's non-metro average (substantially below the national nonmetro average) in community resources funding. Meanwhile, Black Belt nonmetro manufacturing counties got relatively little in human resources funding, though it is important for retraining the labor force to meet the manufacturing needs of the 21st century. And while poverty counties in the Black Belt got substantial funding from income security programs, they got little more than average for the region from community and human resources assistance, for which they arguably have much need.

The nonmetro Mississippi Black Belt received more Federal funds than the rest of the nonmetro Black Belt, due to greater funding from defense and space and from other national functions. This subregion's economy, thus, particularly depends on the continuation of military bases and other Federal installations in the region. The subregion also got more human resources funding than other parts of the Black Belt. However, this high-poverty area received the lowest level of community resources of any place in our analysis.

Our finding that metro areas are getting more of Federal funds than nonmetro areas in the Black Belt may reflect a "growth center" approach taken by some Federal and State development officials. However, this pattern may also be accidental, a result of the location of military bases and related industries in metro areas, since these places have attracted more defense and



Note: Black Belt counties are outlined in black.
Source: Economic Research Service.

space funding to the metro Black Belt than to metro areas nationwide. Another explanation may be that nonmetro Black Belt communities have less local government expertise and political pull needed to apply for and attract government grants and facilities into the area. In nonmetro areas dependent on low-skilled labor, such as some manufacturing counties, private industry may dissuade local officials from pursuing substantial human resources assistance, such as education and training, in order to retain a surplus of unskilled labor in the area. In any event, the result of such a pattern of Federal funding is

to create most of the new jobs in metro areas, forcing many nonmetro Black Belt residents to migrate or commute if they are to find a job.

Policymakers might consider more funding of job creation in the nonmetro Black Belt, especially farming counties and the high-poverty Mississippi Black Belt, where the need for economic diversity is great. Alternatively, improvements in roads and public transportation might enable the population in nonmetro Black Belt communities to commute to jobs in metro areas. Policymakers might also consider improving human resource

County Typology

County economic types (mutually exclusive, each county falls into only one economic type):

Farming-dependent—Farming contributed a weighted annual average of 20 percent or more of total labor and proprietor income over 1987-89.

Mining-dependent—Mining contributed a weighted annual average of 15 percent or more of total labor and proprietor income over 1987-89.

Manufacturing-dependent—Manufacturing contributed a weighted annual average of 30 percent or more of total labor and proprietor income over 1987-89.

Government-dependent—Federal, State, and local government activities contributed a weighted annual average of 25 percent or more of total labor and proprietor income over 1987-89.

Service-dependent—Service activities (private and personal services, agricultural services, wholesale and retail trade, finance and insurance, real estate, transportation, and public utilities) contributed a weighted annual average of 50 percent or more of total labor and proprietor income over 1987-89.

Nonspecialized—Counties not classified as a specialized economic type over 1987-89.

County policy types (overlapping, a county may fall into any number of these types):

Retirement-destination—The population age 60 and older in 1990 increased by 15 percent or more during 1980-90 through immigration of people.

Federal lands—Federally owned lands made up 30 percent or more of a county's land in 1987.

Commuting—Workers age 16 and over commuting to jobs outside their county of residence were 40 percent or more of all the county's workers in 1990.

Persistent-poverty—Persons with poverty-level income in the preceding year were 20 percent or more of total population in each of 4 years: 1960, 1970, 1980, and 1990.

Transfer-dependent—Income from transfer payments contributed a weighted annual average of 25 percent or more of total personal income over 1987-89.

Black Belt counties—Following John Cromartie's approach, "Black counties" are defined as those where Blacks made up one-third or more of county population. However, we excluded Black counties not located in the South (there were 8 such counties), resulting in a total of 240 Black Belt counties (42 metro, 198 nonmetro) for our analysis.

Mississippi Black Belt county—Any nonmetro Mississippi county where Black population accounts for one-third or more of total county population.

programs in nonmetro manufacturing counties in the Black Belt, which currently receive relatively little of this assistance despite their apparent need to improve their labor

force. Other options involve institutional change, such as the creation of regional development institutions similar to the Appalachian Regional Commission to help nonmetro Black

Belt communities plan and implement local economic development policy.

Data Sources and Definitions

Federal funds data. We used the Consolidated Federal Funds Reports data from the U.S. Department of Commerce, Bureau of the Census. We refer to these data as the Federal funds data. Census collects these data annually from each Federal department or agency. We aggregated the data to the county, State, region, and national level for each program for fiscal year 1997. (Unless otherwise specified, references to years are fiscal years.) The census data for 1997 covered 1,256 individual programs, but not all of these programs had reliable data at the county level.

Each program has individual characteristics that affect the way the data show geographic patterns. For example, funds for many programs go directly to State capitals or regional centers that redistribute the money or program benefits to surrounding areas. Examples include block grant programs and some procurement programs that involve a substantial degree of subcontracting. Census screens the data to identify such programs, and we have added our own screen, which separates out those programs that allocate 25 percent or more of their funds to State capitals. We ended up with 816 programs that we believe are fairly accurate to the county level for 1997. These 816 programs accounted for 89 percent of the total Federal funds reported by Census. To measure the level of Federal funding in each county, we computed Federal funds received in the county divided by the county population (Federal funds per capita).

The benefits of Federal programs do not all go to the places that receive funds. For example, money spent on national parks benefits all visitors and not just those who live near the parks. Such spillover benefits are present in almost all Federal programs and are not reflected in the Federal funds data. In addition, different programs affect communities in different ways and have different multiplier effects on local income, employment, and community well-being. Thus, even if the reported funding dispersion is an accurate depiction of where the funds are spent, the data may still understate program effects. Federal funds data may represent either actual program expenditures or obligations, depending on the form of the data provided to Census.

In screening out programs with potentially inaccurate county data, we found that LaFlore County, MS, received an unusually large amount of USDA commodity loans. We dealt with this potential outlier problem by retaining the county in the study, interpolating for this one program by crediting LaFlore County with the average amount of assistance that went to similar Mississippi counties. This lowered slightly the totals for Federal funds in this article compared with those presented in some other ERS research.

Notwithstanding the excluded funds and other data limitations, we believe this analysis provides a reasonable basis for assessing the importance of Federal funds for the region.

Population data. Per capita funding amounts were estimated using 1997 county population estimates from the Bureau of the Census.

Metro and nonmetro areas. 1993 Metropolitan Statistical Areas (MSA's), as defined by the Office of Management and Budget, include core counties containing a city or urbanized area of 50,000 or more people plus contiguous counties that are economically integrated with the core county or counties. Nonmetro areas are counties outside MSA's.

For Further Reading . . .

John B. Cromartie, "Minority Counties are Geographically Clustered," *Rural Conditions and Trends*, Vol. 9, No. 2, Feb. 1999, p. 19.

Andrew Isserman, "Wash Our Hands, Tie Their Hands, or Shake Their Hands? The Federal Role in Rural Economic Development," Regional Research Institute, West Virginia University, Morgantown, Feb. 1996.

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Ronald C. Wimberley and Libby V. Morris, *The Southern Black Belt: A National Perspective*, TVA Rural Studies, Lexington: University of Kentucky, 1997.